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22 August 1962

MEMORANDUM FOR: Mr. Ray S. Cline  
Deputy Director (Intelligence)

SUBJECT : Review of OSI External Research Budget

1. The discussion of OSI's External Research Budget at the Executive Committee Meeting on 20 August seemed to me to suggest the following conclusions:

a. that the use of Agency funds for external research of the character described in the OSI Program is desirable and approved in principle.

b. that the exact amount which can appropriately be spent by the Agency on this activity should, theoretically at least, be judged in terms of the over-all commitments and requirements of the Government. This is a difficult determination to make in view of the obscurity which surrounds certain Air Force and other military contracts and, in any event, could not possibly be determined before a decision is required with respect to OSI's FY 1964 Budget. Nevertheless, an effort should be made to rationalize the over-all research of the U. S. Government effort in the field of Soviet weapons development and related areas.

c. that the question of the amount of money which it is appropriate for the Agency to spend on research of this character must be judged in the light of the contribution which it is calculated to make to the highest priority intelligence targets. The research effort should not be considered in isolation but must be evaluated in the context of the over-all Agency effort to develop information about these particular targets. In making such an evaluation, certain observations may be helpful:

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1. Some of the research projects outlined are related to targets of secondary priority on the theory that external research is a good way of taking care of Agency commitments concerning important but secondary research objectives. On this score, it should be kept in mind that what we are considering here is a proposal to exceed the current budgetary level and that this can be justified only in terms of high priority activity.

2. Conventionally research and collection should be regarded as complimentary activities, in effect, as a synthesis. On the other hand, lacking positive sources of intelligence, research may constitute the best if not the only basis for informed conclusions. Research has to be judged, to some degree at least, for its value as an alternative to collection.

3. Whether an expanded research program is justified will depend, in a large degree on the adequacy or inadequacy of the total effort of the Agency in generating information about Soviet trends and achievements in really high priority target areas. The Agency is clearly justified in devoting a certain (and so far undetermined) percentage of its resources to this effort and research has to be judged as a concomitant of this total effort.

2. Subject to any modification of the assumptions which I have suggested above, I think it would be helpful, as was agreed at the meeting on 20 August to have the Budget Division in conjunction with OSI and some designee of your office undertake a further evaluation and justification of the proposed external research program. I will ask Mr. Clarke to undertake this review when he returns from leave next week. Admittedly, it is going to be impossible to develop any very satisfactory formula for determining the exact level appropriate for external research. There can be no thoroughly logical rational for undertaking exactly [redacted] worth of research. Accordingly, we will obviously have to fall back on what is reasonable under the circumstances. In trying to decide what is reasonable, I believe that it would be a good idea to take one more look at the specific targets to which the research is related and be sure that the research is on

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- 3 -

target and that the targets are in fact essential. I believe that it would also be desirable to review activities currently undertaken by the DD/P and the DD/R as well as the DD/I which are logically related to these targets. This should give us some idea of the magnitude of our effort across the board and hopefully some basis for judging the relative importance of individual activities currently carried on against these various objectives, including the research program.

/s/  
JOHN A. BROSS  
Comptroller